

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB7303

Project Name	Additional Financing: Skills and Training Enhancement Project
Region	SOUTH ASIA
Country	Bangladesh
Sector	Vocational Education (100%)
Project ID	P145118
Parent Project ID	P090807
Borrower(s)	PEOPLE'S REPUBLIC OF BANGLADESH
Implementing Agency	MINISTRY OF EDUCATION
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	May 7, 2013
Date of Appraisal Authorization	June 19, 2013
Date of Board Approval	July 31, 2013

I. Project Context

Country Context

1. The world economy plays an important role in Bangladesh's economic life, and skills and training aligned with changes in the world economy are critical to sustained prosperity. Skills and Training Enhancement Project's (STEP) contribution has been significant in terms of increasing the diploma level pass rate, enrollment, retention and employability. The project contributes to Bangladesh's medium to long-term objective of developing its human resources as a cornerstone of its strategy for poverty alleviation and economic growth. The CAS (2011-14) recognizes skills gaps and needs in Bangladesh and its impact on Bangladesh's competitiveness in the global market, and its effects on Bangladesh's export led growth, as a main stay of the Bangladeshi economy.

Sectoral and institutional Context

2. *Bangladesh has witnessed tremendous gains in primary and secondary education outcomes:* Bangladesh has made remarkable progress in primary and secondary school education. Net enrolment rates (NER) at the primary level is about 90% and NER at the secondary school level is about 45%. Gender parity has been achieved at both the primary and secondary school levels. Despite these impressive achievements, policy makers recognize that if the country is to fully harness the strength of its population, more needs to be done to improve the education and skills levels of the population, especially the youth who constitute nearly 35% of the labor force. The overall literacy rate in the country is less than 50%. School completion rates continue to be very low, with only one of every five children entering Grade 6 completing Grade 10. The average years of education among the labor force is 4.2 years, lower than the average of 4.4 years for the overall population. Additionally, only a very small proportion of the labor force has any vocational education or training (Making Work Pay, 2007). Low levels of education and skills among the working population reduce the potential for individual and societal level prosperity.

3. *The pre-employment Technical and Vocational Education and Training (TVET) system in Bangladesh consists of three levels.* These include: (i) basic skills focusing on manual skills and requiring a Grade 8 completion; (ii) Certificate level - which is a two-year program (Grades 9 and 10 equivalent) and provides students with a Secondary School Certificate in vocational programs or SSC (Voc) ; and (iii) post-secondary vocational programs or diploma programs with the vocational programs being equivalent to Grades 11 and 12, with students earning an Higher Secondary Certificate in vocational programs or HSC (Voc) or pursuing a four-year Diploma program. The minimum entry level for all three programs is a Grade 8 completion. The programs are offered by a mix of school level initiatives (SSC-Voc and HSC-

Voc), polytechnics (diploma level programs) and other institutions (basic skills). The overall intake capacity is about 200,000 annually, in both public and private training institutions. As in many other countries, the public TVET provision is fragmented across numerous ministries, though the most important include the Ministry of Education (MOE) and the Ministry of Expatriate Welfare and of Overseas Employment (MOEWOE). In addition, a large number of training centers offer a range of short-term (3-6 months) training courses. As in most developing countries, most skills are still transferred through informal apprenticeship arrangements, though it is difficult to estimate the numbers that acquire their skills in this manner.

4. *Primary responsibility for overseeing the pre-employment TVET system rests with three agencies, the Directorate of Technical Education (DTE) and the Bangladesh Technical Education Board (BTEB) under the MOE and the Bureau of Manpower, Employment and Training (BMET) under the MOEWOE. The division of responsibility across the three agencies is not very clear, though it is broadly assumed that the DTE is responsible for setting the overall policy framework of the entire vocational education and training system, whereas the BTEB, a statutory agency is responsible for maintaining the training standards, conducting assessments and examinations, and providing student certification. In addition, the BTEB also helps to accredit institutions. The BMET which manages directly about 25 institutions, is also supposed to focus on estimating the demand for labor in both domestic and overseas markets. TVET provision in Bangladesh suffers from weak governance structures, low quality and a lack of relevance of programs to the needs of the labor market, high rates of internal inefficiencies, and a lack of resources*

II. Objectives

5. The Project Development Objective (PDO) is to strengthen selected public and private training institutions to improve training quality and employability of trainees, including those from disadvantaged socio-economic backgrounds. The PDO of the project will remain unchanged under the additional financing.

III. Rationale for Bank Involvement

6. The World Bank has been supporting the TVET sector to bring institutional change and qualitative improvements. Since the project became effective in August 2010, the project has made a satisfactory progress towards achieving the Project Development Objective (PDO). The pass rate of students from the supported diploma programs reached 68% against the target of 54%, and the number of poverty-targeted stipend beneficiaries reached 51,000 as opposed to the original target of 40,000. The proposed additional financing would allow the project to further contribute towards scaling up the number of institutional grants to additional public and private institutions to meet greater demand, and to fill the funding gap towards stipends, which emerged as a result of higher demand for the poverty-targeted stipends than originally estimated. It was originally expected that the stipend program would support about 160,000 student-years. This approximately translates into 8,000 annual enrolments or 32,000 students over the project life. The project has already surpassed the target and currently 51,000 students are receiving stipends through the project. During the mid-term review of the project, it was estimated that a total of 97,000 students and 250,000 student years will be supported by the end of the project for which additional resources will be required.

7. The National Skill Development Policy of Bangladesh (2010-2015) clearly mentions the need to view the TVET sector as an integrated whole where public, private and other organizations work in a coordinated manner towards better delivery of skills in the country. STEP has supported a mix of public and private institutions – both short-term training and long term formal Diploma level training. The weight of support in the original project has been towards public sector institutions under both Windows of Component 1. The Additional Financing (AF) has provided the means and the space to bring support to more private training institutions. This is especially pertinent for private Diploma offering institutions as they find it difficult to raise sufficient resources on their own due to the costs associated with overheads

such as machinery and equipment. Both additional public and private short-term training providers are also being supported through AF as (a) there is greater demand for short-term training as evidenced by the higher number of applicants than training seats available, and (b) greater experience with short-term training by public institutions has helped them restructure and reorient themselves towards more optimal offering of courses, and to demonstrate their ability to generate funds on their own. Based on experience under component 2, the AF will cover the establishment of the specific offices of a few additional Industrial Sector Councils and strengthening National Skill Development Council. The AF will also support Recognition of Prior Learning (RPL) programs, to be implemented by Bangladesh Technical Education Board.

IV. Description

Component 1: Improve the Quality and Relevance of Training (US\$ 10.6 million)

8. This component will be implemented through two (2) windows. Under Window I, the AF will support about 3 additional private institutions offering diploma level programs. These institutions will be chosen on the basis of well-defined eligibility and selection criteria. The demand-side for training will be supported by providing stipends to an additional set of beneficiaries. Stipends will be provided to female students and students from socio-economically disadvantaged backgrounds to gain access to post-secondary programs or continue in these programs. It is expected that the proposed AF would provide for the funding gap, and allow the opportunity for expanding the stipend program in the additionally supported institutions to be realized. Under Window II, the AF will support about 10 additional institutions (5 public and 5 private) providing short-term vocational and technical training. Eligibility and selection criteria similar to those employed under Window I, will be used to identify institutions that will receive financing under this project.

Component 2 – Pilots in Technical and Vocational Education and Training (US\$ 1 million)

9. The AF will continue to support pilots in the TVET sector. These pilots are aimed at strengthening the overall TVET system through direct start-up and operational support to Industry Skills Councils (ISC) and to the National Skills Development Council (NSDC). This component aims to provide one time grant financing and operational cost support on a declining basis until the project end. The project has already established four ISCs and an additional four will be financed through AF - whose role is to guide the overall regulatory and legislative framework for TVET and skills development in Bangladesh – in addition to all the outreach activities expected of the industry skills councils.

Component 3 – Institutional Capacity Development (US\$ 3.7 million)

10. This component focuses on strengthening the capacity of the government to manage the TVET sector as a whole by way of institutional capacity development of the Directorate of Technical Education (DTE), the Bangladesh Technical Education Board (BTEB) under the Ministry of Education (MOE), and the Bureau of Manpower Employment and Training (BMET) under the Ministry of Expatriate Welfare and Overseas Employment (MOEWOE). The AF with US\$ 3.7 million will support the development of Recognition of Prior Learning (RPL) programs by establishing about 10 small skills testing centers and providing some initial operating costs until the end of the project life.

Component 4 – Project Management, Communications, Monitoring and Evaluation (US\$ 1.4 million)

11. The AF will continue to support project management and implementation, and will help in supporting the improvement of system management and implementation of reforms through training of policy planners, managers, and administrators, and enhance communications with and between key stakeholders. The STEP Project Implementation Unit (PIU) will be adequately staffed with qualified and

experienced staff to manage, coordinate, and monitor the project activities and build capacity of all implementing entities on the agreed fiduciary and safeguard arrangements and other elements of the project. The proposed AF will help in enhancing project capacity to undertake more communication and mobilization activities including enhancement of the social profile of technical and vocational education and training.

V. Financing

Source:	(\$m.)
Borrower	0
Free-standing TFs for SARVP	16.71
Total	16.71

VI. Implementation

12.. There are no changes to the implementation arrangements from the original project.

13.. The project would be implemented within the policy framework of the (a) Ministry of Education, (b) Ministry of Labor and Employment and (c) Ministry of Expatriate Welfare and Overseas Employment.

14.. A Project Steering Committee would provide overall guidance and policy support in respect of the proposed project implementation. The overall responsibility of the proposed project implementation would lie with DTE, as the lead implementing agency while BMET and BTEB would implement specific components/subcomponents with close cooperation with the DTE. A PIC, chaired by the Additional Secretary, MOE, will provide direct guidance to the STEP Project Implementation Unit (STEP PIU) headed by a Project Director in implementation of different components and resolve implementation issues.

VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (<u>OP/BP</u> 4.01)	[X]	[]
Natural Habitats (<u>OP/BP</u> 4.04)	[]	[X]
Pest Management (<u>OP</u> 4.09)	[]	[X]
Physical Cultural Resources (<u>OP/BP</u> 4.11)	[]	[X]
Involuntary Resettlement (<u>OP/BP</u> 4.12)	[]	[X]
Indigenous Peoples (<u>OP/BP</u> 4.10)	[X]	[]
Forests (<u>OP/BP</u> 4.36)	[]	[X]
Safety of Dams (<u>OP/BP</u> 4.37)	[]	[X]
Projects in Disputed Areas (<u>OP/BP</u> 7.60)*	[]	[X]
Projects on International Waterways (<u>OP/BP</u> 7.50)	[]	[X]

VIII. Contact point

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IX. Borrower/ Client/ Recipient

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